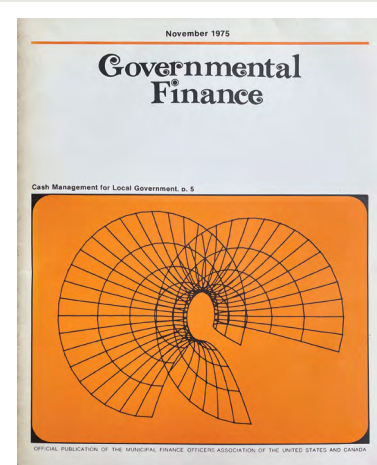




Management by Objectives

A look back at *GFR* in November 1975



“The clearer the idea of what one wants to accomplish, the greater the chances of accomplishing it, and real progress can only be measured in relation to what one is trying to make progress toward. In other words, if one knows where he is going, he finds it easier to get there faster, and he will know when he arrives,” W. Bruce Brittain wrote in a 1975 *GFR* article.

Management by Objectives (MBO) is a strategic approach that Peter Drucker wrote about in his 1954 book, *The Practice of Management* (which drew on Mary Parker Rollett’s 1926 essay, “The Giving of Orders”). It improves organizational performance by aligning company-wide goals with individual employee objectives. The practice is still in use, often under different names.

As Brittain said in the article, “There are many canned varieties that are pure snake oil, but they do sell, and they always fail.” The model Brittain espoused was “one that is designed from scratch to meet the particular needs of the organization. It is an eclectic approach to MBO that draws on the available knowledge of the management and behavioral sciences, integrating it into a total systems approach.” Flexibility is important, in other words.

The process, as the article explains, consists of a series of interdependent and related steps: 1) Formulating statements of objectives and goals; 2) Developing action plans for attaining those objectives and goals; 3) Systematically monitoring and measuring performance

and achievement against plans and goals; and 4) Taking corrective action to achieve planned results.

The precondition for success is that “no organization should embark on a change program unless it is hurting badly enough to generate strong, enduring commitment to change.” That’s because managers are busy, and also because “the value system in the philosophical underpinnings of real MBO is frequently very, very threatening, especially to bureaucrats, autocrats, and centralists.”

In a particularly pointed passage, Brittain said: “Coupled with the fear of losing control is the fact that many executives are quite insensitive to their own feelings and the feelings of others. As a result, they fail to understand the power of other people’s feelings. They will therefore have considerable difficulty in understanding how it is possible that their brand of management can be at the root of staff alienation, discontent, and reduced productivity.”

“If all managers were very competent, there would be no point in considering MBO; it would be the practice without the label. But the fact is that many are not very competent managers. Many are really technical professional people who devote little time to managerial functions. But MBO is managing, and managing is hard and demanding work.”

Here’s how the annual MBO cycle works. First, the government creates and analyzes the organization’s long-range objectives, including an analysis of the external environment and internal resources and capabilities.

Next is “role definition and size-up,” or the understanding each manager reaches with his superior about his major responsibilities and the kind of results expected of him—“a position description couched in terms of results, breaking down the manager’s total responsibility into its constituents or key results areas, and identifying specific kinds of results that will indicate progress toward the position’s objectives.” Size-up refers to the conscious, programmed effort of a management team to increase its capacity to accomplish its goals. “This covers every possible consideration: interpersonal relationships, team effectiveness, procedures, organization structure—‘anything and everything comes under critical scrutiny.’”

The next step is planning analysis. The manager and their team make an initial identification of goals, including a work plan and budget for each goal. The work plan can be a simple schedule of tasks that have to be completed to reach the goal, including a target date for each.

Initiating the work plan requires feedback to indicate the progress made toward achieving the goals. The information should be supplied in terms of the performance indicators established when the goal was set, and this information must be timely and reliable.

Finally, there’s the progress review, which is intended to be a productive dialogue in which the senior manager acts in a supportive, coaching role. ■

Read the full article from 1975:

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